

CITY OF ANNAPOLIS, MARYLAND

Exhibit 4

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITIES - PROPRIETARY FUNDS**

Year Ended June 30, 2002

With Comparative Totals for the Year Ended June 30, 2001

	Proprietary Funds		Totals (Memorandum Only)	
	Internal	Enterprise	Year Ended	
	Service Fund	Funds	June 30, 2002	June 30, 2001
Operating revenues				
Charges for services	\$ -	12,766,360	12,766,360	14,477,826
Other	9,656	501,205	510,861	364,860
Total operating revenues	<u>9,656</u>	<u>13,267,565</u>	<u>13,277,221</u>	<u>14,842,686</u>
Operating expenses				
Salaries	-	5,269,189	5,269,189	4,649,172
Utilities	-	440,249	440,249	611,343
Repairs and maintenance	-	1,064,478	1,064,478	998,035
Materials and supplies	-	532,254	532,254	548,040
Treatment plant operations	-	2,151,300	2,151,300	2,343,903
Contractual services	-	1,358,269	1,358,269	1,123,541
Administrative charge from general fund	-	2,221,126	2,221,126	2,375,368
Depreciation	-	1,637,842	1,637,842	1,582,432
Provisions (credits) for claims and estimated losses	(123,366)	-	(123,366)	13,150
Claim payments	263,814	-	263,814	285,004
Administrative expenses	72,164	-	72,164	47,453
Other	30,364	(2,342)	28,022	210,490
Total operating expenses	<u>242,976</u>	<u>14,672,365</u>	<u>14,915,341</u>	<u>14,787,931</u>
Operating income (loss)	<u>(233,320)</u>	<u>(1,404,800)</u>	<u>(1,638,120)</u>	<u>54,755</u>
Non-operating revenues (expenses):				
Grant income	-	1,953,623	1,953,623	1,675,303
Interest income	50,688	-	50,688	123,735
Interest expense	-	(694,913)	(694,913)	(759,923)
Total non-operating revenues, net	<u>50,688</u>	<u>1,258,710</u>	<u>1,309,398</u>	<u>1,039,115</u>
Income (loss) before operating transfers	<u>(182,632)</u>	<u>(146,090)</u>	<u>(328,722)</u>	<u>1,093,870</u>
Operating transfers in	-	650,000	650,000	560,600
Operating transfers out	-	(650,000)	(650,000)	-
Net income (loss)	<u>(182,632)</u>	<u>(146,090)</u>	<u>(328,722)</u>	<u>1,654,470</u>
Add back depreciation on assets funded by grants externally restricted for capital acquisition and construction	-	519,516	519,516	616,834
Net increase (decrease) in retained earnings	<u>(182,632)</u>	<u>373,426</u>	<u>190,794</u>	<u>2,271,304</u>
Retained earnings at beginning of year	<u>1,213,109</u>	<u>7,348,359</u>	<u>8,561,468</u>	<u>6,290,164</u>
Retained earnings at end of year	<u>1,030,477</u>	<u>7,721,785</u>	<u>8,752,262</u>	<u>8,561,468</u>
Contributed equity at beginning of year	-	15,521,282	15,521,282	14,675,451
Grants and other revenue externally restricted for capital acquisition and construction	-	4,387,823	4,387,823	1,462,665
Depreciation on assets funded by grants externally restricted for capital acquisition construction	-	(519,516)	(519,516)	(616,834)
Contributed equity at end of year	<u>-</u>	<u>19,389,589</u>	<u>19,389,589</u>	<u>15,521,282</u>
Fund equity at end of year	<u>\$ 1,030,477</u>	<u>27,111,374</u>	<u>28,141,851</u>	<u>24,082,750</u>

The accompanying notes to general purpose financial statements are an integral part of this statement.